

ROUTING AND TRANSMITTAL SLIP

Date

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. A/EO/DDA	<i>[Signature]</i>	30 SEP 1983
2. DDA	<i>[Signature]</i>	30 SEP 1983
3. SSA (FYI)	<i>[Signature]</i>	30 SEP 1983
4. ADDA	<i>[Signature]</i>	6 OCT 1983
5. Registry	<i>[Signature]</i>	25 OCT 1983

Action	Note and Return
Approval	For Clearance
As Requested	For Correction
Circulate	For Your Information
Comment	Investigate
Coordination	Justify

REMARKS

Full
Who has for action?
OP + OF to DDA

clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
	Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

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ROUTING AND TRANSMITTAL SLIP

Date

30 Sep 83

TO: (Name, office symbol, room number,
building, Agency/Post)

Initials

Date

1. D/Finance

2.

3.

4.

5.

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

1 - Pls review the attached and provide comments to
OLL via the DDA by 18 October. Thanks.

(FYI - cy also sent to D/OP)

DO NOT use this form as a RECORD of approvals, concurrences, disposals,
clearances, and similar actions.

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Acting EO/DDA, 7D-18Hqs.

Phone No.

5011-102

OPTIONAL FORM 41 (Rev. 7-76)
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Approved For Release 2007/12/14 : CIA-RDP85B01152R001001360003-6

Page Denied

27 SEP 1983

OLL 83-2292

DD/A Registry

83-4406

MEMORANDUM FOR: ✓ Harry Fitzwater
Deputy Director for Administration

James McDonald
Assistant Deputy Director for Administration

FROM:

Legislation Division, OLL

DDA REGISTRY
FILE: 100-13

STAT

SUBJECT:

H.R. 3790 and H.R. 3800 -- Legislation to
limit/eliminate COLA adjustments under
CIARDS and Civil Service retirement.

1. Attached for your review and comment are two recently introduced bills, H.R. 3790 and H.R. 3800, to amend cost-of-living adjustments ("COLA") provided under certain federal entitlement programs, including CIARDS and Civil Service retirement. Both bills would also amend the COLA provision of the Internal Revenue Code ("IRC").

2. Representative James R. Jones (D., OK), the Chairman of the House Budget Committee, introduced these bills on 4 August 1983. They were referred jointly to the Committees on Ways and Means and Government Operations (Subcommittee on Legislation and National Security) where both bills are pending with no action scheduled. By letter to the DCI dated 14 September 1983, the Chairman of the House Government Operations Committee, Jack Brooks (D., TX), requested the views of the CIA concerning these bills.

3. H.R. 3790 would limit COLA benefits under CIARDS and Civil Service by requiring that the index used to calculate these benefits be reduced by 2 percent. H.R. 3790 would also make similar changes to provisions in the IRC that provide COLA for the individual income tax rates and the personal exemption, requiring that COLA calculations reflect a 2 percent floor and be based on a comparison of the average Consumer Price Index ("CPI") for the two preceeding years rather than the average CPI for the last preceeding year and 1983, as is the case in present law.

4. H.R. 3800 would abolish COLA benefits under CIARDS and Civil Service as well as other specified federal entitlement programs. Similarly, H.R. 3800 would repeal the recently enacted provision in the IRC that provided COLA for the individual income tax rates and the personal exemption.

5. I would appreciate your views on these bills so that our office may prepare an appropriate letter in response to Chairman Brooks.

STAT

Attachment

cc:

Liaison Division

STAT

98TH CONGRESS
1ST SESSION

H. R. 3790

To amend the Internal Revenue Code of 1954 to provide that for calendar years 1985 through 1990 the cost-of-living adjustment for the individual income tax rates and the personal exemption shall take into account only inflation in excess of 2 percent per year and to provide a similar limitation on cost-of-living adjustments in benefits under certain entitlement programs.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1983

Mr. JONES of Oklahoma (for himself, Mr. CAMPBELL, Mr. MARTIN of North Carolina, Mr. LIVINGSTON, Mr. ANTHONY, Mr. BROWN of Colorado, Mr. MCCURDY, Mr. BARTLETT, Mr. ROEMER, and Mr. SLATTEY) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Government Operations

A BILL

To amend the Internal Revenue Code of 1954 to provide that for calendar years 1985 through 1990 the cost-of-living adjustment for the individual income tax rates and the personal exemption shall take into account only inflation in excess of 2 percent per year and to provide a similar limitation on cost-of-living adjustments in benefits under certain entitlement programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 SECTION 1. LIMITATION ON COST-OF-LIVING ADJUSTMENTS
2 IN INCOME TAX RATES AND PERSONAL EXEMP-
3 TIONS.

4 (a) IN GENERAL.—Subsection (f) of section 1 of the In-
5 ternal Revenue Code of 1954 (relating to adjustments in tax
6 tables so that inflation will not result in tax increases) is
7 amended to read as follows:

8 “(f) ADJUSTMENT IN TAX TABLES SO THAT INFLA-
9 TION WILL NOT RESULT IN TAX INCREASES.—

10 “(1) IN GENERAL.—Not later than December 15
11 of 1984 and each subsequent calendar year, the Secre-
12 tary shall prescribe tables which shall apply, in lieu of
13 the tables applicable under subsections (a), (b), (c), (d),
14 and (e) which apply with respect to taxable years be-
15 ginning in such calendar year, with respect to taxable
16 years beginning in the succeeding calendar year.

17 “(2) METHOD OF PRESCRIBING TABLES.—The
18 table which under paragraph (1) is to apply with re-
19 spect to taxable years beginning in any calendar year
20 in lieu of the table applicable under subsection (a), (b),
21 (c), (d), or (e), as the case may be, which applies with
22 respect to taxable years beginning in the preceding cal-
23 endar year shall be prescribed—

24 “(A) by increasing—

1 “(i) the maximum dollar amount on
2 which no tax is imposed under such preced-
3 ing year table, and

4 “(ii) the minimum and maximum dollar
5 amounts for each rate bracket for which a
6 tax is imposed under such preceding year
7 table,

8 by the cost-of-living adjustment for the calendar
9 year,

10 “(B) by not changing the rate applicable to
11 any rate bracket as adjusted under subparagraph
12 (A)(ii), and

13 “(C) by adjusting the amounts set forth as
14 tax to the extent necessary to reflect the adjust-
15 ments in the rate brackets.

16 If any increase determined under subparagraph (A) is
17 not a multiple of \$10, such increase shall be rounded
18 to the nearest multiple of \$10 (or if such increase is a
19 multiple of \$5, such increase shall be increased to the
20 next highest multiple of \$10).

21 “(3) COST-OF-LIVING ADJUSTMENT.—

22 “(A) IN GENERAL.—For purposes of para-
23 graph (2), the cost-of-living adjustment for any
24 calendar year is the percentage (if any) by
25 which—

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1 “(i) the CPI for the first preceding cal-
2 endar year, exceeds

3 “(ii) the CPI for the second preceding
4 calendar year.

5 “(B) ONLY INFLATION IN EXCESS OF 2
6 PERCENT TAKEN INTO ACCOUNT FOR CALENDAR
7 YEARS 1985 THROUGH 1990.—The percentage
8 determined under subparagraph (A) for each of
9 the calendar years 1985, 1986, 1987, 1988,
10 1989, and 1990 shall be reduced (but not below
11 zero) by 2 percentage points.

12 “(4) CPI FOR ANY CALENDAR YEAR.—For pur-
13 poses of paragraph (3), the CPI for any calendar year
14 is the average of the Consumer Price Index as of the
15 close of the 12-month period ending on September 30
16 of such calendar year. —

17 “(5) CONSUMER PRICE INDEX.—For purposes of
18 paragraph (4), the term ‘Consumer Price Index’ means
19 the last Consumer Price Index for all-urban consumers
20 published by the Department of Labor.”

21 (b) TECHNICAL AMENDMENT.—Subsection (f) of section
22 151 of such Code (relating to allowance of deductions for
23 personal exemption) is amended by striking out the first sen-
24 tence and inserting in lieu thereof the following: “For pur-
25 poses of this section, the term ‘exemption amount’ means—

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1 “(1) with respect to any taxable year beginning in
2 1984, \$1,000, and

3 “(2) with respect to any taxable year beginning in
4 a calendar year after 1984, an amount equal to the
5 product of—

6 “(A) the exemption amount with respect to
7 taxable years beginning in the preceding calendar
8 year, and

9 “(B) the cost-of-living adjustment (as defined
10 in section 1(f)(3)) for the calendar year for which
11 the determination is being made.”

12 (c) EFFECTIVE DATE.—The amendments made by this
13 section shall apply to taxable years beginning after December
14 31, 1984.

15 SEC. 2. LIMITATION ON COST-OF-LIVING ADJUSTMENTS IN
16 CERTAIN ENTITLEMENT BENEFITS.

17 (a) GENERAL RULE.—For purposes of determining the
18 amount of any cost-of-living adjustment which takes effect
19 after September 30, 1984, and before October 1, 1990, with
20 respect to any payment (or benefit) described in subsection
21 (e), any increase in the relevant index shall be taken into
22 account only to the extent such increase is at an annual rate
23 in excess of 2 percent.

24 (b) COMPUTATION BASE TO REFLECT 2 PERCENT
25 LIMITATION.—Any increase in an index which is not taken

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1 into account by reason of subsection (a) shall not be taken
2 into account at any time so as to allow such increase to cause
3 an increase for any period in any payment (or benefit) de-
4 scribed in subsection (e).

5 (c) SPECIAL RULES.—

6 (1) PROPORTIONATE REDUCTION WHERE LESS
7 THAN FULL INDEX CHANGE ALLOWED WITHOUT
8 REGARD TO SECTION.—If (without regard to this sec-
9 tion) only a portion of the increase in an index during
10 any period is taken into account, there shall be substi-
11 tuted for “2 percent” in subsection (a) the percentage
12 which bears the same ratio to 2 percent as such por-
13 tion bears to the full increase in such index during such
14 period.

15 (2) SUBSECTION (a) TO APPLY ONLY TO COMPU-
16 TATION OF BENEFIT AMOUNTS.—Subsection (a) shall
17 apply only for purposes of determining the amount of
18 payments (or benefits) and not for purposes of deter-
19 mining—

20 (A) whether a threshold increase in the rele-
21 vant index has been met, or

22 (B) increases in amounts under other provi-
23 sions of law not described in subsection (e) which
24 operate by reference to increases in such pay-
25 ments (or benefits).

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1 (d) DEFINITIONS.—For purposes of this section—

2 (1) COST-OF-LIVING ADJUSTMENT.—The term
3 “cost-of-living adjustment” means any adjustment in
4 the amount of payments (or benefits) described in sub-
5 section (e) which is determined by reference to changes
6 in an index.

7 (2) INDEX.—

8 (A) INDEX.—The term “index” means the
9 Consumer Price Index and any other index of
10 price or wages.

11 (B) RELEVANT INDEX.—The term “relevant
12 index” means the index on the basis of which the
13 amount of the cost-of-living adjustment is deter-
14 mined.

15 (e) PAYMENTS AND BENEFITS TO WHICH SECTION
16 APPLIES.—For purposes of this section, the payments and
17 benefits described in this subsection are—

18 (1) old age, survivors, and disability insurance
19 benefits under section 215(i) of the Social Security Act
20 (but the limitation under subsection (a) shall not apply
21 to supplemental security income benefits under title
22 XVI of such Act);

23 (2) armed services retirement and retainer pay
24 under section 1401a of title 10, United States Code,
25 retired pay and retainer pay of members and former

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1 members of the Coast Guard, and retired pay of com-
2 missioned officers of the National Oceanic and Atmos-
3 pheric Administration or the Public Health Service;

4 (3) civil service retirement benefits under section
5 8340 of title 5, United States Code, foreign service re-
6 tirement benefits under section 826 of the Foreign
7 Service Act of 1980, and Central Intelligence Agency
8 retirement benefits under part J of the Central Intelli-
9 gence Agency Retirement Act of 1964 for certain em-
10 ployees;

11 (4) Federal workers' compensation under section
12 8146a of title 5, United States Code; and

13 (5) benefits under section 3(a), 4(a), or 4(f) of the
14 Railroad Retirement Act of 1974.

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98TH CONGRESS
1ST SESSION

H. R. 3800

To amend the Internal Revenue Code of 1954 to repeal the cost-of-living adjustment for the individual income tax rates and the personal exemption and to provide that no cost-of-living adjustment shall take effect on or after October 1, 1984, under certain entitlement programs.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1983

Mr. JONES of Oklahoma (for himself, Mr. ANTHONY, and Mr. McCURDY) introduced the following bill; which was referred jointly to the Committees on Ways and Means and Government Operations

A BILL

To amend the Internal Revenue Code of 1954 to repeal the cost-of-living adjustment for the individual income tax rates and the personal exemption and to provide that no cost-of-living adjustment shall take effect on or after October 1, 1984, under certain entitlement programs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 SECTION 1. REPEAL OF COST-OF-LIVING ADJUSTMENT IN IN-
4 DIVIDUAL INCOME TAX RATES AND PERSONAL
5 EXEMPTION.

6 Section 104 of the Economic Recovery Tax Act of 1981
7 (relating to adjustment to prevent inflation-caused tax in-

crease), and the amendments made by such section, are hereby repealed; and the Internal Revenue Code of 1954 shall be applied as if such section (and amendments) had never been enacted.

SEC. 2. TERMINATION OF COST-OF-LIVING ADJUSTMENTS IN CERTAIN ENTITLEMENT PROGRAMS.

(a) **GENERAL RULE.**—No cost-of-living adjustment shall take effect after September 30, 1984, with respect to any payment (or benefit) described in subsection (c).

(b) **DEFINITIONS.**—For purposes of this section—

(1) **COST-OF-LIVING ADJUSTMENT.**—The term “cost-of-living adjustment” means any adjustment in the amount of payments (or benefits) described in subsection (c) which is determined by reference to changes in an index.

(2) **INDEX.**—The term “index” means the Consumer Price Index and any other index of price or wages.

(c) **PAYMENTS AND BENEFITS TO WHICH SECTION APPLIES.**—For purposes of this section, the payments and benefits described in this subsection are—

(1) old age, survivors, and disability insurance benefits under section 215(i) of the Social Security Act (but subsection (a) shall not apply to supplemental security income benefits under title XVI of such Act);

1 (2) armed services retirement and retainer pay
2 under section 1401a of title 10, United States Code,
3 retired pay and retainer pay of members and former
4 members of the Coast Guard, and retired pay of com-
5 missioned officers of the National Oceanic and Atmos-
6 pheric Administration or the Public Health Service;

7 (3) civil service retirement benefits under section
8 8340 of title 5, United States Code, foreign service re-
9 tirement benefits under section 826 of the Foreign
10 Service Act of 1980, and Central Intelligence Agency
11 retirement benefits under part J of the Central Intelli-
12 gence Agency Retirement Act of 1964 for certain em-
13 ployees;

14 (4) Federal workers' compensation under section
15 8146a of title 5, United States Code; and

16 (5) benefits under section 3(a), 4(a), or 4(f) of the
17 Railroad Retirement Act of 1974.

○